

**STATE CORPORATION COMMISSION  
PUBLIC SERVICE TAXATION**

**2023 Deductions for Gross Receipts**

1. **\*Unbundled Network Facilities** – These are unbundled services offered to the competitive local exchange carrier by the local exchange company to enable them to complete a call or provide a service to their customer (Ex. caller ID, call waiting, switching service or provide a portion of a line). Private line services provided to another telecommunications company and dark fiber that is sold or leased to another telecommunications company that the SCC assesses can both be included in this deduction.
2. **\*Completion, Origination, or Interconnection of Telephone Calls with the Taxpayer's Network** – This deduction would only be for those services provided to a telecommunications company and not an end user customer.
3. **\*Transport of Telephone Calls over Taxpayer's Network** – If you transport a call over your network for a customer of another telecommunications company, then the amount you receive from the company for carrying their customers call can be deducted by you.
4. **\*Taxpayer's Telephone Services for Resale** – These are intrastate services sold only to a competitive local exchange carrier by a local exchange company at a wholesale price.
5. **\*Roaming Outcollect Revenue (Cellular & PCS)** – The wireless company may only deduct the roaming revenue it receives from other wireless companies.
6. **Revenue Billed on behalf of a Telephone Company which is later paid to that Company** – If a local company adds the long distance charges for another company on the customer's local phone bill and later turns that revenue over to the long distance company, then that revenue can be deducted. Revenue only falls under this category if it is revenue that the company could opt to bill themselves.
7. **E-911 Wireless Service** – This is not subject to Minimum Tax and Special Tax. However, the 3% commission received and any other revenue received that is related to this is subject to both the Minimum Tax and Special Tax.
8. **Pay Telephone Revenue Other Than Line Charge (Deduction for Special Tax Only)** – All revenue associated with the pay phone can be deducted except the line charge.
9. **Right of Way Use Fees** – These revenues are not subject to the Minimum Tax or Special Tax and are fully deductible.
10. **Subscriber Line Charges / End User Common Line Charges / Access Recovery Charge** – As these charges are regulated and capped by the FCC, they are considered interstate and therefore should be deducted under the Minimum Tax and also the Special Revenue Tax if Total Gross Receipts are under \$5 million. If Total Gross Receipts exceed \$5 million, then these charges would be deductible on the Special Revenue Tax only. (see VA Code Section § 58.1-400.1 for interstate revenue \$5 million rule)
11. **Universal Service Charges / Connect America Fund** – As these charges are considered interstate by the FCC, if Total Gross Receipts are less than \$5 million, then the company can deduct all universal service charges from both the Minimum Tax and the Special Revenue Tax. If Total Gross Receipts exceed \$5 million, then the company can deduct all universal service charges from the Special Revenue Tax only.
12. **Interstate Revenue** – If Total Gross Receipts are less than \$5 million, then the company can deduct all interstate revenue from both the Minimum Tax and the Special Revenue Tax. If Total Gross Receipts exceed \$5 million, then the company can deduct all interstate revenue from the Special Revenue Tax only. Interstate private line services can also be deducted here on only the Special Revenue Tax if Total Gross Receipts exceed \$5 million. If Total Gross Receipts are less than \$5 million, then the company can deduct all interstate private line services from both the Minimum Tax and the Special Revenue Tax.
13. **International Revenue** – Fully deductible from both the Minimum Tax and the Special Revenue Tax.
14. **Internet Revenue** – Internet revenue is considered interstate by the FCC and therefore should be deducted under the Minimum Tax and also the Special Revenue Tax if Total Gross Receipts are under \$5 million. If Total Gross Receipts exceed \$5 million, then internet revenue would be deductible on the Special Revenue Tax only.
15. **DSL Revenue** – DSL is considered interstate revenue and therefore should be deducted under the Minimum Tax and also the Special Revenue Tax if Total Gross Receipts are under \$5 million. If Total Gross Receipts exceed \$5 million, then DSL revenue would be deductible on the Special Revenue Tax only.
16. **Interstate portion of VOIP Services Revenue** – The interstate portion of VOIP services as determined by the company or using the FCC USF safe harbor percentage (64.9%) can be deducted on both the Minimum Tax and the Special Revenue Tax if Total Gross Receipts are less than \$5 million. If Total Gross Receipts exceed \$5 million, the interstate portion of VOIP would be deductible on the Special Revenue Tax only.

**\* These deductions are allowable if the revenue is from a telecommunications company that reports to the SCC (company list available on our website below).**

Please visit our website at: <http://www.scc.virginia.gov/pst/>